

**INSTRUCTIONS FOR
FINANCIAL TEST FOR LIABILITY
OR, LIABILITY, CLOSURE AND/OR POST-CLOSURE**

- [a] A letter from the chief financial officer, as specified in California Code of Regulations, Title 22, Division 4.5, Chapter 14 and 15, Article 8, Sections 66264.147, 66265.147, for liability, and Sections 66264.143, 66264.145, 66265.145 for closure and/or post-closure if applicable, shall be on corporate letterhead stationary. It shall contain the original signature of the chief financial officer and shall be worded as indicated on the proforma Form DTSC 1162 [05/95] [Formerly DHS 8109].
- [b] The letter from the chief financial officer shall be accompanied by the following items:
- [1] A copy of an independent certified public accountant's report on examination of the Owner's or Operator's financial statements for the latest completed fiscal year, or a copy of the Owner's financial statements for the latest completed fiscal year; and
 - [2] A special report from the Owner's or Operator's independent certified public accountant to the Owner or Operator stating that:
 - [A] The independent certified public accountant has compared the data in the letter from the chief financial officer with the amounts in year-end financial statements for the latest fiscal year; and
 - [B] In connection with that procedure, no matters came to the independent certified public accountant's attention which caused him or her to believe that the specified data should be adjusted.
 - [3] A completed financial test for liability using either Alternative I or Alternative II, or a completed financial test for liability, closure and or post-closure using either Alternative III or Alternative IV.
 - [4] A copy of the Owner or Operator's most recent Form 10-K filed with the Securities and Exchange Commission, if the Owner or Operator is required to make such a filing.
 - [5] The guarantee with wording as specified in Form DTSC 1174 by the Department of Toxic Substances Control [if applicable].

PRIVACY STATEMENT

This information is requested by the Department of Toxic Substances Control under Health and Safety Code, Section 25245 in order to verify adequate financial assurance of hazardous wastes facilities/TTUs. Completion of the form is mandatory. The consequence of not completing the form is denial of a permit to operate a hazardous waste facility/TTU. Information may be provided to the U. S. Environmental Protection, State Attorney General, Air Resources Board, California Integrated Waste Management Board, Energy Resources Conservation and Development Commission, Water Resources Board, and California Regional Water Quality Control Boards. For more information or access to your records, contact the Department of Toxic Substance Control, 8800 Cal Center Drive, Sacramento, California 95826, (916) 255-3545.

[A financial test mechanism, as specified in California Code of Regulations, Title 22, Division 4.5, Chapter 14 and 15, Article 8, Sections 66264.147(g) and 66265.147(g) for liability or Sections 66264.147(g), 66265.147(g), 66264.143(f), 66264.145(f), 66265.143(e), and 66265.145(e) for liability, closure and/or postclosure shall be worded as follows, except that instruction in brackets are to be replaced with the relevant information and the brackets deleted].

Department of Toxic Substances Control
Financial Responsibility Unit
8800 Cal Center Drive
Sacramento, California 95826

I am the chief financial officer of [insert firm's name and address]. This letter is in support of the use of the financial test to demonstrate financial responsibility for liability coverage [insert "and closure and/or post-closure care" if applicable] as specified in California Code of Regulations (Cal. Code of Regs.), Title 22, Division 4.5, Chapter 14 and 15, Article 8.

[Fill out the following paragraphs regarding facility[ies]/TTU[s] and liability coverage. If there are no facility[ies]/TTU[s] that belong in a particular paragraph, write "None". For each facility/TTU, include the hazardous waste facility/TTU identification number, name, address, and current liability coverage [indicate sudden and nonsudden coverage amounts separately]].

This firm is the owner or operator of the following facility[ies]/TTU[s] for which liability coverage for [insert "sudden" or "nonsudden" or "both sudden and nonsudden"] accidental occurrences is being demonstrated through the financial test specified in California Code of Regulations, Title 22, Division 4.5, Chapter 14 and 15, Article 8, Sections 66264.147 and 66265.147,:

This firm guarantees through the guarantee specified in Cal. Code of Regs., Title 22, Division 4.5, Chapter 14 and 15, Article 8, Sections 66264.147 and 66265.147, liability coverage for [insert "sudden" or "nonsudden" or both "sudden and nonsudden"] accidental occurrences at the following facility[ies]/TTU[s] owned or operated by the following:

This firm is [insert one or more: [1] the direct or higher tier parent corporation of the owner or operator; [2] owned by the same parent corporation as the parent corporation of the owner or operator, and receiving the following value in consideration of the guarantee [insert dollars]; or [3] engaged in the following substantial business relationship with the owner or operator [insert business relationship], and receiving the following value in consideration of the guarantee [insert dollars]]. [Attach a written description of the business relationship or a copy of the contract establishing such relationship to this letter.]:

This firm owns or operates the following facility[ies]/TTU[s] for which financial assurance for liability coverage is not demonstrated either to U.S. Environmental Protection Agency or a state through this financial test and guarantee or through any other financial assurance mechanism as specified in California Code of Regulations, Title 22, Division 4.5, Chapter 14 and 15, Article 8 or substantially equivalent state mechanisms. The current liability coverage not covered by such financial assurance is shown for each facility:

In states where U. S. Environmental Protection Agency is not administering the financial requirements of Subpart H of Title 40, Code of Federal Regulations [40 CFR], Parts 264 and 265, this Owner or Operator is demonstrating financial assurance for liability coverage of the following facility[ies]/TTU[s] through the use of a test equivalent or substantially equivalent to the financial test specified in California Code of Regulations, Title 22, Division 4.5, Chapter 14 and 15, Article 8. The current liability coverage covered by such a test is shown for each facility:

This firm is the Owner or Operator of the following Underground Injection Control facility[ies] for which financial assurance for plugging and abandonment is required under Part 144. The current closure cost estimate as required by 40 CFR 144.62 are shown for each facility:

[If you are using the financial test to demonstrate coverage of both liability and financial assurance for closure and/or post-closure care, fill in the following five paragraphs regarding facilities and associated closure and post-closure cost estimates. If there are no facilities that belong in a particular paragraph, write "None". For each facility/TTU, include its hazardous waste facility/TTU identification number, name, address and current closure and/or post-closure cost estimates. Identify each cost estimate separately as to whether it is for closure or postclosure care.]

1. This firm is the Owner or Operator of the following facilities/TTUs for which financial assurance for closure or post-closure is demonstrated through the financial test as specified in Cal. Code of Regs. Title 22, Division 4.5, Chapter 14 and 15, Article 8, Sections 66264.143[f], 66264.145[f], 66265.143[f], and 66265.145[f]. The current closure and/or post-closure cost estimates covered by the test are shown for each facility/TTU:
2. This firm guarantees through the corporate guarantee as specified in Cal. Code of Regs., Title 22, Division 4.5, Chapter 14 and 15, Article 8, Sections 66264.143[f], 66265.143[f], and 66265.145[f] for the closure and/or post-closure care of the following facilities/TTUs owned or operated by the guaranteed party. The current cost estimates for the closure or post-closure care so guaranteed are shown for each facility/TTU:
3. In states where the U.S. Environmental Protection Agency is not administering the financial requirements of Subpart H, Title 40 CFR, Parts 264 and 265, this firm as owner, operator or guarantor is demonstrating financial assurance for the closure or post-closure care of the following facilities/TTUs through the use of a financial test equivalent or substantially equivalent to the financial test specified in Cal. Code of Regs, Title 22, Division 4.5, Chapter 14 and 15, Article 8, Sections 66264.143[f], 66264.145[f], 66265.143[f], and 66265.145[f]. The current closure and/or post-closure cost estimates covered by such a test are shown for each facility/TTU:
4. This firm is the owner or operator of the following facilities/TTUs for which financial assurance for closure or, if a disposal facility, post-closure care, is not demonstrated either to U.S. Environmental Protection Agency or a State through the financial test or any other financial assurance mechanism as specified in Cal. Code of Regs., Title 22, Division 4.5, Chapters 14 and 15, Article 8 or equivalent or substantially equivalent State mechanisms. The current closure and/or post-closure cost estimates not covered by such financial assurance are shown for each facility/TTU:

5. This firm is the owner or operator of the following Underground Injection Control facilities for which financial assurance for plugging and abandonment is required under Part 144. The current closure cost estimates are shown for each facility:

This firm [insert "is required" or "is not required"] to file a form 10-K with the Securities and Exchange Commission [SEC] for the latest fiscal year.

The fiscal year of this firm ends on [insert date]. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended [insert date].

This firm is using [insert "Alternative I" or Alternative II, or Alternative III" or Alternative IV".]

[LIABILITY ONLY: Fill in Alternative I if the criteria of paragraph [g][1][A] of 66264.147 or 66265.147 are used. Fill in Alternative II if the criteria of paragraph [g][1][B] of 66264.147 or 66265.147 are used.]

[LIABILITY AND CLOSURE AND/OR POST-CLOSURE: Fill in Alternative III if the criteria of paragraphs [g][1][A] of 66264.147 and [f][1][A] 66264.143 and/or [f][1][A] 66264.145 are used or if the criteria of paragraphs [e][1][A] of 66265.143 and/or [f][1][A] 66265.145 and [g][1][A] of 66265.147 are used. Fill in Alternative IV if the criteria of paragraphs [g][1][B] of 66264.147 and [f][1][B] of 66264.143 and/or [f][1][B] 66264.145 are used or if the criteria of paragraphs [e][1][B] of 66265.143 and/or 66265.145 and [g][1][B] of 66265.147 are used.]

ALTERNATIVE I

1. Amount of annual aggregate liability coverage to be demonstrated..... \$ _____
- *2. Current assets..... \$ _____
- *3. Current liabilities..... \$ _____
4. Net working capital [line 2 minus line 3]..... \$ _____
- *5. Tangible net worth..... \$ _____
- *6. If less than 90 percent of assets are located in the United States, give total United States assets..... \$ _____
7. Is line 5 at least \$10 million?..... Yes No
8. Is line 4 at least 6 times line 1?..... Yes No
9. Is line 5 at least 6 times line 1?..... Yes No
- *10. Are at least 90 percent of assets located in the United States?
If not, complete line 11..... Yes No
11. Is line 6 at least 6 times line 1?..... Yes No

I hereby certify that this letter is worded as specified by the Department of Toxic Substances Control being executed in accordance with the requirements of California Code of Regulations, Title 22, Division 4.5, Chapter 14 and 15, Article 8.

Signature_____
Typed or Printed Name_____
Title_____
Date

(CORPORATE SEAL):

ALTERNATIVE II

1. Amount of annual aggregate liability coverage to be demonstrated \$ _____
2. Current bond rating of most recent issuance and name of rating service \$ _____
3. Date of issuance of bond..... \$ _____
4. Date of maturity of bond..... \$ _____
- *5. Tangible net worth..... \$ _____
- *6. Total assets in the United States [required only if less than 90 percent of assets are located in the United States]..... \$ _____
7. Is line 5 at least \$10 million?..... Yes No
8. Is line 5 at least 6 times line 1?..... Yes No
- *9. Are at least 90 percent of assets located in the United States? Yes No
10. Is line 9 at least 6 times line 1?..... Yes No

I hereby certify that this letter is worded as specified by the Department of Toxic Substances Control and is being executed in accordance with the requirements of California Code of Regulations, Title 22, Division 4.5, Chapter 14 and 15, Article 8.

Signature

Typed or Printed Name

Title

Date

(CORPORATE SEAL):

ALTERNATIVE III

1. Sum of current closure and post-closure cost estimates (Total of all cost estimates shown in the paragraphs of the letter to the Director of the Department of Toxic Substances Control..... \$ _____
2. Amount of annual aggregate liability coverage to be demonstrated \$ _____
3. Sum of lines 1 and 2..... \$ _____
- *4. Total liabilities [if any portion of your closure or post closure cost estimate is included in your total liabilities, you may deduct that portion from this line and add that amount to lines 5 and 6]..... \$ _____
- *5. Tangible net worth..... \$ _____
- *6. Net worth..... \$ _____
- *7. Current assets..... \$ _____
- *8. Current liabilities..... \$ _____
9. Net working capital [line 7 minus line 8]..... \$ _____
10. The sum of net income plus depreciation, depletion, and amortization \$ _____
- *11. Total assets in the United States (required only if less than 90 percent of firm's assets are located in the United States) \$ _____
12. Is line 5 at least \$10 million?..... Yes No
13. Is line 5 at least 6 times line 3?..... Yes No
14. Is line 9 at least 6 times line 3?..... Yes No
- *15. Are at least 90 percent of the firm's assets located in the United States?
If not, complete line 16..... Yes No
16. Is line 11 at least 6 times line 3?..... Yes No
17. Is line 4 divided by line 6 less than 2.0?..... Yes No
18. Is line 10 divided by line 4 greater than 0.1?..... Yes No
19. Is line 7 divided by line 8 greater than 1.5?..... Yes No

I hereby certify that this letter is worded as specified by the Department of Toxic Substances Control and is being executed in accordance with the requirements of California Code of Regulations, Title 22, Division 4.5, Chapter 14 and 15, Article 8.

Signature

Typed or Printed Name

Title

Date

(CORPORATE SEAL):

ALTERNATIVE IV

1. Sum of current closure and post-closure cost estimates (Total of all cost estimates shown in the paragraphs of the letter to the Director of the Department of Toxic Substances control \$ _____
2. Amount of annual aggregate liability coverage to be demonstrated \$ _____
3. Sum of lines 1 and 2..... \$ _____
4. Current bond rating of most recent issuance and name of rating service: _____
5. Date of issuance of bond: _____
6. Date of maturity of bond: _____
- *7. Tangible net worth (if any portion of the closure and post closure cost estimates is included in "total liabilities" on your firm's financial statements, you may add the amount of that portion to this line.) \$ _____
- *8. Total assets in the United States (required only if less than 90 percent of firm's assets are located in the United States). \$ _____
9. Is line 7 at least \$10 million?..... Yes No
10. Is line 7 at least 6 times line 3?..... Yes No
- *11. Are at least 90 percent of the firm's assets located in the United States?
If not, complete line 12..... Yes No
12. Is line 8 at least 6 times line 3?..... Yes No

I hereby certify that this letter is worded as specified by the Department of Toxic Substances Control and is being executed in accordance with the requirements of California Code of Regulations, Title 22, Division 4.5, Chapter 14 and 15, Article 8.

Signature

Typed or Printed

Title

Date

(CORPORATE SEAL)